



COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo

#04-12

To: Benefits Administrators
From: Mary P. Habel, Director
State and Local Health Benefits Programs
CC: All OHB
Date: September 16, 2004
Re: Extended Coverage Enrollment Changes

New Process

The process has changed for enrolling participants in Extended Coverage (COBRA) with effective dates beginning July 1 and beyond. The Benefits Administrator is now responsible for entering all initial enrollment information in the Benefits Eligibility System (BES). Rather than sending the enrollment form to the carrier, Extended Coverage enrollment information will be sent to the carrier on the daily file along with the other BES transactions. Retain the original Extended Coverage Enrollment form at the agency.

To update BES:

- Use PSB109, SSN and transmit next to the appropriate Extended Coverage (COBRA) group,
- Transmit next to the reason for the Extended Coverage (COBRA) enrollment,
- Verify the enrollment information displayed on the PSB301, make changes if necessary, and transmit.
- Failure to transmit on the PSB301 will result in an unsuccessful transfer to Extended Coverage (COBRA).

The Office of Health Benefits (OHB) will be responsible for processing subsequent changes for existing Extended Coverage (COBRA) participants. The participant may request changes using EmployeeDirect on the Web at <http://edirect.virginia.gov> or by submitting a completed Extended Coverage enrollment form to OHB's Extended Coverage Administrator.

Premium Payments

You are reminded to inform Extended Coverage (COBRA) participants that their premium will be billed by the administrator (Anthem or Kaiser). Effective July 1, Extended Coverage participants who, after their initial premium payment, do not pay their monthly premium by the first day of the coverage month will have claims put on hold until the premium is paid. This will be identified in the BES system with the "09" (premium not collected) bill premium code. Upon receipt of the monthly premium, claims may again be processed. However, if an Extended Coverage participant fails to pay the monthly premium by the 30th of the coverage month, coverage will be terminated. (Premiums are considered paid on the date that they are sent.)

New Notice Requirements

Many of you have requested information about the COBRA final regulations published on May 26, 2004, by the Department of Labor. These regulations will also apply to employees of state and local governments under the Extended Coverage provisions of the Public Health Service Act. However, these new regulations will not go into effect until plan years beginning on or after November 26, 2004. The Office of Health Benefits is currently preparing updated General and Election Notices, as well as guidance for complying with new notice requirements. Until you receive the updated information, please continue to administer Extended Coverage based on the guidance in the Health Insurance Manual.

Eligibility for Medicare—No Longer an Extended Coverage Qualifying Event

A number of Benefits Administrators have noticed that they no longer receive the PM9645 Report of covered employees and dependents who are turning age 65. The reason that this report was discontinued is that eligibility for Medicare due to age has no effect on coverage for current, active employees. While covered employees and dependents who become eligible for Medicare may drop their state coverage based on this qualifying event (if they do so within 31 days of the eligibility date), there is no impact on their eligibility or coverage in the active state program. When you receive the updated Extended Coverage General and Election Notices, you will notice that "eligibility for Medicare" has also been removed as an Extended Coverage qualifying event since it does not result in loss of coverage under the state program.

Benefits Administrators who handle retiree group participants will continue receiving a report of those "inactive" members and dependents who turn age 65 since, for those who are not covered by virtue of current, active employment, Medicare eligibility does require changing to a Medicare-coordinating plan. However, no Extended Coverage Election Notice is required.